

VZCZCXRO4328
RR RUEHBI
DE RUEHTA #0022/01 0090219
ZNY SSSSS ZZH
R 090219Z JAN 09
FM AMEMBASSY ASTANA
TO RUEHC/SECSTATE WASHDC 4281
INFO RUCNCIS/CIS COLLECTIVE 1008
RUEHZL/EUROPEAN POLITICAL COLLECTIVE
RUCNCLS/SOUTH AND CENTRAL ASIA COLLECTIVE
RUEHBJ/AMEMBASSY BEIJING 0407
RUEHKO/AMEMBASSY TOKYO 1113
RUEAIIA/CIA WASHDC
RHEFAAA/DIA WASHDC
RHEHNSC/NSC WASHDC 0581
RUEKJCS/SECDEF WASHDC 0496
RUCPDOG/DEPT OF COMMERCE WASHDC
RHEBAAA/DEPT OF ENERGY WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RHMFISS/CDR USCENTCOM MACDILL AFB FL
RUEKJCS/JOINT STAFF WASHDC

S E C R E T SECTION 01 OF 11 ASTANA 000022

SIPDIS

STATE FOR SCA/CEN, PM
STATE PLEASE PASS TO USTDA DAN STEIN

E.O. 12958: DECL: 01/01/2034
TAGS: [PGOV](#) [PREL](#) [ECON](#) [EPET](#) [MARR](#) [MCAP](#) [MASS](#) [AF](#) [KZ](#)
SUBJECT: KAZAKHSTAN: SCENE SETTER FOR CENTCOM COMMANDER
GENERAL PETRAEUS

ASTANA 00000022 001.2 OF 011

Classified By: AMBASSADOR HOAGLAND: 1.4 (A), (B), (D)

¶1. (S/NOFORN) SUMMARY: Your visit will foster our bilateral cooperation and our strategic interests, and will provide you the opportunity thank the Government of Kazakhstan for its support to Operation Iraqi Freedom and continued support of Operation Enduring Freedom, to encourage and support the government's commitment to deploy forces to Afghanistan, as well as the opportunity to discuss and build support for the Distribution Network of Operation Enduring Freedom (DNOEF). END SUMMARY.

DOMESTIC POLITICAL PERSPECTIVE

¶2. (SBU) While the Kazakhstani government articulates a strategic vision of a democratic society, it has lagged on the implementation front. The government is resistant to fully competitive political processes, and the situation is complicated by the fact that President Nazarbayev is extremely popular, while the opposition is weak, fractured, and comprised principally of former Nazarbayev loyalists. In May 2007, significant amendments were adopted to Kazakhstan's constitution which were touted as strengthening parliament, but also removed term limits on Nazarbayev. In parliamentary elections held in August 2007, Nazarbayev's Nur Otan party officially received 88 percent of the vote and took all the seats in parliament. An OSCE election observation mission concluded that the elections did not meet OSCE standards.

¶3. (SBU) When Kazakhstan was selected as 2010 OSCE chairman at the November 2007 OSCE Madrid ministerial meeting, Foreign Minister Tazhin publicly committed that his country would undertake several democratic reforms -- specifically, that by the end of 2008, Kazakhstan would amend its election, political party, and media laws taking into account the OSCE's recommendations. (NOTE: Tazhin also promised that Kazakhstan would support the OSCE's "human dimension" and preserve the mandate of the OSCE's Office of Democratic Institutions and Human Rights (ODIHR), including its critical role in election observation. END NOTE). The necessary

legislation went to parliament in December.

¶4. (SBU) While the laws have the potential to lead to greater democratization, Kazakhstan will need to take further steps to bolster its still underdeveloped democratic political institutions, civil society, and independent media.

A new religion law that would significantly impact the rights of smaller non-traditional faiths passed parliament in December, but due in part to pressure from civil society and the international community, the president has opted to send the law to the Constitutional Council (Court) for review.

INTERNATIONAL POLITICAL PERSPECTIVE

¶5. (C/NOFORN) Kazakhstan openly seeks to balance the interests of Russia, China, and the US/West in its foreign policy. Consider this balance to be based on a triad: Russia-US-China, CSTO-NATO-SCO. Kazakhstan publicly claims to be Russia's closest ally and, in truth, it would be counter-productive for them to deny the geographic, cultural, and economic ties that continue to bind them with Russia. China is a fast-growing consumer of Kazakhstan's natural resources and allows Kazakhstan the flexibility to avoid being monopolized by Russia. However, Kazakhstan has lingering concerns about Chinese encroachment. The U.S. relationship is unique in that the United States does not threaten Kazakhstan since it is not geographically proximate.

U.S. policy allows Kazakhstan to keep and exercise a greater range of options with respect to Russia and China. The United States and Kazakhstan share the common goal of helping Kazakhstan to become a strong independent nation, capable of governing its vast terrain, expanding its hydrocarbon transport infrastructure for export of its energy resources

ASTANA 00000022 002.2 OF 011

to the global market, and enhancing stability throughout the region.

ECONOMIC ISSUES

¶6. (SBU) Kazakhstan is the region's economic powerhouse, with an economy larger than that of all the other Central Asian states combined. Economic growth averaged 9.2% a year during 2005-07, and the percentage of the population living below the poverty level dropped from 28% in 2001 to under 14% at present. Economic growth has slowed as a result of the global financial crisis and was just 3% in 2008. While the country's economic success is partly due to its fortuitous natural resource deposits, astute macroeconomic policies and extensive economic reforms have also played important roles. Kazakhstan has a modern banking system, well-endowed pension fund, and a sovereign wealth fund with over \$27 billion in assets -- which serves double duty as a prophylactic against Dutch disease and a cushion against hard economic times. Increased globalization and integration of the economy have complicated the domestic financial situation in Kazakhstan over the last year. Plummeting commodity prices (particularly oil) have forced the government to recalibrate its 2009-2011 budget several times in recent months. In October, the government announced that it would use up to \$10 billion from the sovereign wealth fund for a bailout plan to mitigate the domestic impact of the global financial crisis. Indicative of the severity of the crisis, the bailout has since increased to \$21 billion, which represents approximately 20% of the country's GDP. It is also likely that Kazakhstan will seek to renegotiate the terms of its foreign debt to prevent its highly-leveraged private domestic banks from defaulting. Over the long run, Kazakhstan must focus on diversifying its economy, building up non-extractive industries, agriculture, and the service sector. Kazakhstan is a major wheat producer, with a goal of ranking consistently among the world's top five wheat exporters.

¶7. (SBU) The energy sector is Kazakhstan's dominant earner, with oil exports accounting for roughly one third of GDP. Kazakhstan will export more than 60 million tons of crude oil

and gas condensate in 2008 and is expected to be one of the world's top ten oil producers soon after 2015. The country also has significant natural gas reserves -- 1.8 trillion cubic meters is a low-end estimate -- but for now, natural gas exports are relatively small, just 5 billion cubic meters in 2008, in large part because gas is being re-injected to maximize crude output. U.S. companies have significant ownership stakes in Kazakhstan's three largest oil and gas projects: Kashagan, Tengiz, and Karachaganak.

18. (SBU) The United States is encouraging the Government of Kazakhstan to diversify its oil and gas export routes. Currently, the bulk of Kazakhstan's crude is exported via Russia, both through the Transneft system (Atyrau-Samara) and the independent Caspian Pipeline Consortium (CPC). The majority of Kazakhstan's near term oil production increases are projected to flow to market either through the Baku-Tbilisi-Ceyhan pipeline or an expanded CPC. All of Kazakhstan's gas exports currently flow through Russia. Kazakhstan has taken steps to diversify its energy exports by shipping oil across the Caspian Sea in tankers and building a gas pipeline to China. These projects, which are in their initial stages of development, would reduce dependence on Russia hydrocarbon infrastructure.

19. (SBU) One issue that is certain to be at the center of discussion for years to come is water management. Reviving the northern portion of the Aral Sea, which Kazakhstan controls, has been a resounding success. A greater priority is ensuring continued access to water for public and agricultural use. As most of Kazakhstan's rivers have headwaters outside of the country, Kazakhstan remains somewhat vulnerable to outside pressures. For the moment

ASTANA 00000022 003 OF 011

this is not a problem as glacial melt has made up the distance in quantity versus demand. But the long-term issue is that Kazakhstan is drawing against a bank account that cannot be easily replenished. Anecdotally, we have been told that the Ishim River (the river that flows through Astana and has its headwaters in China) has decreased by one meter over the past few years due to increased upstream use in China. In addition to securing an adequate quantity of water, Kazakhstan also remains concerned about water quality. On October 10, presidents of the five Central Asian countries signed an agreement on water use and energy security to ensure sufficient supplies during the winter of 2008-09. The water-use protocol includes provisions to increase the water level of the Toktogul reservoir in Kyrgyzstan and agreement between Uzbekistan and Kazakhstan to provide Kyrgyzstan with coal, fuel oil, and gas for Kyrgyzstan's thermal power plants.

REGIONAL INFLUENCE AND SUPPORT

110. (SBU) Kazakhstan has also expressed its eagerness to play an enhanced role in achieving regional integration. President Nazarbayev continues to raise the subject of a Central Asian union with a common market. Kazakhstan is ready to accelerate WTO accession negotiations with the United States. However, the international financial crisis is making some Kazakhstani officials more skeptical about the benefits of WTO membership. Instead, they see immediate and tangible benefits from a possible near-term customs union with Russia and Belarus, which could dramatically slow -- or derail -- Kazakhstan's WTO accession. We know Russia has long opposed Kazakhstan's WTO membership before its own accession. The new customs union, if Kazakhstan follows through, as it currently seems likely to do, would be a convenient way for Moscow to limit Astana's sovereignty. To sell a WTO agreement to the president and prime minister, Kazakhstan has asked for concessions from the United States, especially on banking and financial services. Kazakhstan is already a significant economic force in the region and it is the largest foreign investor in Kyrgyzstan and in Georgia. While progress has been slow, Kazakhstan has begun economic

investment in Afghanistan.

CSTO AND SCO

¶11. (C/NOFORN) Kazakhstan's involvement in the Russian-led Collective Security Treaty Organization (CSTO) is a natural extension of its historical relationship with Russia, as well as its Commonwealth of Independent States (CIS) membership and mutual security ties with other CIS states. Kazakhstan's actual contributions to the CSTO appear to be more political than substantive. The CSTO mechanism provides a means for Kazakhstan to stay connected to Russia on issues of mutual concern (air defense, counter-terrorism, etc.), but without the danger of getting too close. At the CSTO's 2008 Summit in Moscow, Russia pressured the CSTO partners to recognize South Ossetian and Abkhazian independence and to make strong statements about Georgia's responsibility for the current conflict, however, Kazakhstan and the other CSTO members did not cede to Russian pressure and collectively the CSTO Ministers urged all parties to the conflict to adhere to the principles of the France-Russia six-point plan. Kazakhstan's membership in the Shanghai Cooperation Organization (SCO) provides a means for it to counterbalance its CSTO membership.

MILITARY/DEFENSE PERSPECTIVE

KAZAKHSTAN'S MINISTRY OF DEFENSE (MOD)

¶12. (S/NOFORN) Former Prime Minister Daniyal Akhmetov became Kazakhstan's first civilian Minister of Defense in early 2007. The previous Minister of Defense, General Mukhtar Altynbayev, is now the Chief of Defense (CHOD). Minister Akhmetov is an avowed Russophile whose Russian

ASTANA 00000022 004 OF 011

connections and support have proven to be personally lucrative. U.S. and NATO military cooperation suffered significant setbacks and delays for the first year of his tenure. Unable to halt military cooperation with the west, Akhmetov has actively sought to supplant MOD conduits that see cooperation with the West as being in the best long-term interests of Kazakhstan. Although recent events and indicators posit an improvement in the security cooperation sphere, we are unsure if this is due to Akhmetov's recognition of the value of U.S.-Kazakhstani cooperation or if this change is due to directives/pressure from above. Additionally, Akhmetov considers training less than two to three months in duration to be military tourism, and sees little value in short-term training.

UNEQUAL PARTNERSHIP

¶13. (S/NOFORN) The MOD remains an under-funded ministry that has no policy-making authority. The simple fact is that the U.S. DOD-Kazakhstani MOD relationship is not one of equals. DOD has significant policy input in the USG, while the MOD appears to have almost none. In short, the Kazakhstani MOD is a supporting ministry, taking its direction from higher levels within the government. The United States has, on a number of occasions, successfully achieved its bilateral and regional goals by appealing to those closer to the center of power and using them to provide the MOD with marching orders.

MILITARY OPERATIONS/SUPPORT

¶14. (SBU) IRAQ: Kazakhstan directly supported coalition efforts in Iraq beginning in August 2003, most significantly by deploying a military engineering/explosive ordnance disposal (EOD) unit which cumulatively disposed of over five million pieces of unexploded ordnance. With the reorganization of the coalition in Iraq, Kazakhstan recently completed its tenth rotation and in late October redeployed its forces in their entirety.

¶15. (SBU) AFGHANISTAN: The USG continues to solicit support

for increased participation in international operations, and it appears that Kazakhstan will, in the near-term, deploy two staff officers to support ISAF HQ in Afghanistan. Additionally, the Kazakhstani government is currently negotiating with NATO to provide Kazakhstan maximum flexibility in its future support to ISAF of up to a company-size element. Kazakhstan is looking to increase its coalition contributions to Afghanistan over time, but has been non-committal on specifics. The MOD is seeking to match NATO requirements with Kazakhstani capabilities, and the Deputy Minister of Defense, General-Lieutenant Bulat Sembinov, has requested the U.S. Defense Attache coordinate a visit with the ISAF Commander, General McKiernan, to discuss future Kazakhstani contributions. A deployment of Kazakhstani forces is supported by Deputy Minister Sembinov and other pro-western supporters within the government who understand the value of conducting real-world operations in terms of building political capital and capitalizing on deploying and training the force. Additionally, the Government of Kazakhstan provided funding of \$3 million to Afghanistan in 2008, primarily for infrastructure improvement and development.

OVERFLIGHT AGREEMENT

¶16. (C/NOFORN) In support of Operational Enduring Freedom (OEF), the Government of Kazakhstan has granted more than 7,000 cost-free overflights since the agreement,s entry-into-force in 2001. This equates to an annual average of over 1000 U.S. military and DOD charter aircraft overflights. This agreement does not differentiate between types of cargo, allowing it to be used for the transport of weapons and ammunition. No other country has such a heavily

ASTANA 00000022 005 OF 011

used overflight agreement with Kazakhstan. Russia has overflight for military training in designated polygons. Germany has brokered a blanket overflight agreement for OEF support missions similar to ours. China may now have a limited agreement in support of military exercises, but France has recently been denied a blanket agreement similar to that of the Germans. President Nazarbayev last week signed into law the 2001 no-cost overflight agreement for flights supporting OEF and 2002 emergency divert agreement that parliament only just ratified. (NOTE: The agreements have been in force since their signing in 2001 and 2002, respectively. END NOTE). This fact was quickly picked up by the Russian press, fed into the Russian propaganda machine, and led to false Russian MOD accusations that the United States was planning to establish military bases in Kazakhstan and Uzbekistan. These accusations have been unequivocally denied as unfounded by U.S. Embassy Astana as well as by the Government of Kazakhstan. Kazakhstan also signed an Article 98 agreement with the United States in late 2004. We recommend you thank Government of Kazakhstan officials at all of your meetings for their cooperation in allowing U.S. flights supporting OEF to transit Kazakhstan.

EMERGENCY DIVERT AGREEMENT

¶17. (SBU) In 2002, an emergency divert agreement with the Kazakhstan entered into force that allows aircraft bound for Manas the option of landing at Almaty International Airport in case of bad weather or emergency. More than 85 divers have been supported under this agreement. In every case, Kazakhstan has exceeded the expectations of the original agreement. However, one of the limiting factors under the provisions of this agreement is the restriction which does not allow disembarkation of troops from the diverted aircraft. U.S. forces traveling on deployment orders usually do not have passports or visas and, therefore, cannot legally enter the country to stay at a hotel or be transported by alternate ground means to Manas. Should the Kazakhstani Government allow U.S. forces entry into Kazakhstan, USDAO has no mechanism in place to fund costs associated with transportation or lodging. Since the agreement,s entry into

force, the USDAO has relocated from Almaty over 600 miles north to Astana and cannot react quickly to support incoming divers. The limitations of our divert agreement were highlighted last winter when a charter aircraft carrying 125 101st Airborne troops diverted into Almaty International Airport. Troops were required to remain onboard the aircraft for approximately 18 hours. Almaty airport services did an excellent job providing uninterrupted support (meals, power, heat, water, etc.) for the divert duration.

DISTRIBUTION NETWORK OF OPERATION ENDURING FREEDOM

¶18. (SBU) The Distribution Network of Operational Enduring Freedom (DNOEF) has been Embassy Astana's number one priority since the November visit of General Duncan McNabb, Commander, USTRANSCOM. As you are aware, President Nazarbayev approved the use of Kazakhstan's commercial transport infrastructure to support the DNOEF for resupplying our forces in Afghanistan on 30 December 2008.

¶19. (C/NOFORN) As background to previous non-U.S. transit agreements, NATO has been limited to one option -- the transport of non-lethal supplies through Russia, Kazakhstan and Uzbekistan -- and continues deliberations with those countries in an attempt to secure a written transit agreement to resupply forces in Afghanistan. Of note is that the Government of Kazakhstan was extremely unhappy that NATO sought permission of its big brother, to the north before opening discussions with the Kazakhstani. The government indicated negotiations should have occurred in parallel rather than in serial. The German Government recently negotiated an official government-to-government agreement with Kazakhstan for the transit of both lethal and non-lethal

ASTANA 00000022 006 OF 011

supplies destined for Afghanistan. Although this agreement is available for a third party to use, it is our belief that should we want to enter into this agreement, it would undermine the DNOEF concept and our efforts because it would formalize the process under a written agreement that would prove to be too cumbersome because it would require governmental ratification and, at a minimum, detailed coordination and notification of all shipments transiting Kazakhstan. Bottom line: don't punch a tar baby that you may not be able to extricate yourself from.

¶20. (C/NOFORN) Additionally, it would be in our best interests to use all available routes to include Russia as a viable alternate transit route. In a conversation between the U.S. Defense Attache to Kazakhstan, Colonel Keith Harrington, and the Russian Defense Attache to Kazakhstan, General-Lieutenant Nikolay Pokas, General Pokas queried Colonel Harrington on General McNabb's visit and stated that Russia supported the transit of supplies through Russia because "it is good for Russian commercial business." This conversation highlights an important factor regarding the DNOEF: that we should include rather than attempt to bypass or imply that we will not include Russia as a viable alternative transit route. Should we purposely choose to bypass Russia, then it is likely that Russia could and would pressure the Government of Kazakhstan to not allow supplies to transit Kazakhstan. It is our strong belief that including Russia as part of the DNOEF is a win-win situation and would provide the U.S. another route to resupply our forces in Afghanistan.

AVIATION FUEL

¶21. (SBU) Since Kazakhstan has a limited refining capability, it imports most of its aviation fuel from Russia. Some of this fuel is in turn sold to Manas AB, Kyrgyzstan. In this way, Russia indirectly provides fuel for Manas AB and OEF operations.

KAZAKHSTANI ASSISTANCE TO GEORGIA

¶22. (SBU) In response to the Georgian-Russian conflict, Kazakhstan provided 165 tons of humanitarian aid to the Government of Georgia consisting of food, medicine and medical equipment worth approximately \$460,000.

NON-PROLIFERATION ISSUES

¶23. (SBU) Kazakhstan has been a strong partner in nuclear non-proliferation, which has been a cornerstone of the bilateral relationship since Kazakhstan's independence. With the collapse of the Soviet Union, Kazakhstan was left with the world's fourth largest nuclear arsenal. Nazarbayev's 1991 decision to give up Kazakhstan's nuclear arsenal was groundbreaking. Kazakhstan returned all tactical nuclear warheads to Russia by January 1992, and all strategic nuclear warheads by April 1995. Through the Nunn-Lugar Cooperative Threat Reduction (CTR) Program the US assisted Kazakhstan with the destruction of bombers, silos, and related ICBM infrastructure and delivery systems.

¶24. (S/NOFORN) While the U.S.-Kazakhstan non-proliferation relationship seems to be solid on the surface, at working levels, the U.S. and Kazakhstani governments have encountered continuous implementation issues. The Umbrella Agreement amendment governing the CTR program, signed in December 2007, has still not been ratified by Parliament. An early October visit by Secretary of State Rice put the issue on the front burner, and President Nazarbayev signed a decree to approve the extension/amendment, sending it forward for action. The Prime Minister's Office is still reviewing the CTR Agreement, which has been sent back and forth between the Ministry of Energy and Mineral Resources and various government experts. The Ministry of Foreign Affairs expects

ASTANA 00000022 007 OF 011

the CTR extension to be ratified by Parliament in January 2009. Ratification is the first step to provide Kazakhstan with a legal basis to establish a mechanism to implement value added tax (VAT) and duty exemptions for imported equipment and services contracts through the CTR program. Taxation issues have festered unresolved since 2004, leading to frustration at high levels in Washington, both in the Executive and Legislative branches.

¶25. (S/NOFORN) Of all of the projects funded by the CTR appropriation, the most critical is a classified project to secure weapons-grade materials at the former Soviet nuclear weapons test site in Semipalatinsk. The project is tri-lateral, between Russia, Kazakhstan, and the United States, with the Russians providing the necessary data regarding material location and the United States providing funding to repatriate the material to Russia or secure it in situ. Due to complexities in the trilateral relationship between the United States, Russia and Kazakhstan, and uncertainty about future trilateral commitments to this project, the USG is ready to reprogram up to \$100 million to finish the work at the site within the next two years. DOD's current goal is to see the Government of Kazakhstan increase its security presence at the site (Ministry of Internal Affairs or troops), and discussions are underway to identify technology that can be used to assist Kazakhstan monitor the site for trespassers.

¶26. (SBU) In addition to the classified trilateral project in Semipalatinsk, the Department of Defense is currently implementing two CTR projects in Kazakhstan. The first, the Proliferation Prevention Initiative (PPI), strengthens Kazakhstan's ability to prevent the proliferation of Weapons of Mass Destruction (WMD) and related materials across its borders by enhancing WMD detection and interdiction capabilities along the Caspian Sea border. The second, the Biological Threat Reduction Program, supports Kazakhstan's efforts to combat bioterrorism and prevent the proliferation of biological weapons technology, pathogens and expertise by strengthening its outbreak response and monitoring capabilities. The Department of Energy also has several

projects that are focused on securing nuclear materials, and the Department of State funds additional nonproliferation projects implemented by the International Science and Technology Center (ISTC).

SECURITY ASSISTANCE AND ENGAGEMENT OVERVIEW

¶27. (S/NOFORN) We harbor no illusions. Russia is and will remain Kazakhstan's number one security partner. We do not seek to displace Russia from that role, but do believe the U.S. role in the security sphere is an important one. We continue to focus on three key areas (besides DTRO-A CTR work) with a long-term goal of transforming the Kazakhstani Armed Forces into a deployable force which can not only adequately protect national sovereignty, but also become an agent of democratic reform and rule of law within Kazakhstan.

These three areas of concentration are: Defense Reform (both doctrine and equipment), security of the ungoverned spaces of the Caspian Sea Basin and Western Kazakhstan, and the development of a deployable Peace Support Operations (PSO) capability and deployment in support of multilateral UN-sanctioned operations. This is a long-term goal, but one where we have seen significant progress over the past few years.

¶28. (S/NOFORN) COMMENT: The bottom line is that U.S. credibility and reliability are at stake with these programs.

Our security assistance (SA) and engagement programs are designed to shape the security environment, critical to our strategic interests writ large. The tangible result of a successful SA program is building partnership capability, whereas the intangible result of an unreliable SA program is, at a minimum, the loss of our credibility as a partner. Our

ASTANA 00000022 008 OF 011

national security interests are ultimately at stake, with our reliability and credibility paramount to these interests. Our current SA system has difficulties meeting this challenge. The systemic effects are most evident regarding the Foreign Military Financing (FMF)/Foreign Military Sales (FMS) aspects of the SA process, which neither builds nor delivers the total package, and makes it difficult to shape our security environment on the macro level. On the micro level, it results in the lack of enthusiasm for partner nations, such as Kazakhstan, to commit national funds to modernization and transformation processes and interdependence and interoperability with U.S. forces. END COMMENT.

HMMWVs

¶29. (SBU) Kazakhstan currently has 50 light HMMWVs and is expecting a delivery of 50 up-armored HMMWVs in FY 2009 through the 1206 program. The KAZBRIG uses the HMMWVs for training peacekeepers and is expected to deploy with them to a future PSO operation. MOD has made a commitment to the sustainment of the HMMWVs through the development of the Asia HMMWV Center and a Unit Maintenance facility at KAZBRIG. The initial success of the HMMWV program in Kazakhstan led to the MOD requesting eight UH1H II "Huey II" helicopters through the FMF program.

HUEY II HELICOPTERS

¶30. (C/NOFORN) The first two of eight Excess Defense Article (EDA) UH IIs were successfully delivered in November 2007, but the rug was quickly pulled out from under the program by a rapidly decreased FMF budget. When the UH II program began in 2005, Kazakhstan received \$4.9 million in FMF funds, an amount that had been steadily increasing on a yearly basis. The original price for the refurbishment of each UH II in 2005 was \$3 million. At that time, with the current and projected FMF funds, the SA system and Kazakhstani MOD planned to complete UH II procurement and refurbishment program by 2010. However, this is not longer the case because FMF funding has decreased while

refurbishment costs have increased. Currently, at \$4.2 million per aircraft for refurbishment, Kazakhstan needs approximately \$10 million to order the next two aircraft (including \$1 million for transportation and \$600,000 for spare parts and training), but currently only has about \$6.5 million. Kazakhstan only received \$1.3 million in FMF in FY 2008, a number which fell from almost \$5 million in FY 2006. As a result, the project is nearly stillborn. However, a third UH II can be procured with the current accumulation of FMF funds, and the Kazakhstani MOD will soon submit a Letter of Request which we expect to be delivered to USASAC by the end of January 2009.

¶31. (C/NOFORN) COMMENT: If the current trend of refurbishment costs outpacing FMF funding is not reversed, then we will have proven to be an unreliable assistance partner. In addition to the funding issue, the success of our SA process can be measured in terms of UH II operational readiness rates, which have hovered at zero beginning in July ¶2008. The unreliability of our SA system and the so-called "total package" approach reached its apex when the UH IIs required routine 150 flight hour service and the total package failed to deliver the required routine service compliment of parts, a failure that has become the rule rather than the exception. As a short-term fix, we are working to order the parts and equipment necessary to complete these basic periodic inspections. The reduction in funding, combined with problems with the SA system, damage U.S. reliability and credibility, as well as the credibility of pro-U.S./Western allies within the MOD. The anti-U.S./pro-Russian faction within the MOD will use this to undercut our supporters within the government, and does not require an active role but passively points to the

ASTANA 00000022 009 OF 011

unreliability of the U.S. as a security partner. Specifically, it hurts Deputy Defense Minister Sembinov, who has staked his reputation on the HMMWVs and UH IIs in order to show the skeptics that the U.S. is a credible and reliable partner, that U.S./Western technology is superior and that Kazakhstan,s soldiers can be trained to use and sustain U.S./Western equipment. We are working to find alternative means to fund the Huey II program and have recently included this request as part of FY 2009 1206 funding proposals, but have been told repeatedly that attempts to fund the UH II program with 1206 monies will be denied. The delivery of the two helicopters was a major news item in Kazakhstan that reached the attention of President Nazarbayev. The death of this program will surely reach him as well. Additionally, should we prove unreliable partners on the UH II program, there would be little reason for Kazakhstan to commit national funds for the refurbishment of C-130s, the third pillar of the HMMWV-UH II-C130 triad. END COMMENT.

C-130s

¶32. (S/NOFORN) Congress recently released C-130s as part of the Excess Defense Articles (EDA) program. We had been previously working this with Lockheed and SAF/IA and Navy IPO to support Kazakhstan,s EDA request for six C-130s. The C-130s could provide a valuable capstone for our bilateral security cooperation, should we be able to overcome systemic shortcomings. This is additionally a program directly supported by the Deputy Minister of Defense, General-Lieutenant Sembinov, who is committed to modernizing the Kazakhstani military with U.S./Western military hardware.

MILITARY-TO-MILITARY (M2M) COOPERATION

¶33. (SBU) The CENTCOM M2M contact plan has grown to over 120 events in FY 2008 and will increase to about 150 in FY 2009 (NOTE: this figure does not include FMF, IMET, Peacekeeping or 1206 projects. END NOTE). There has also been a significant increase in the quality of events: the subject matter is increasingly complex and comprehensive, and event preparations are more professionally planned,

coordinated and executed. Kazakhstan has asked for U.S. assistance through M2M activities in a number of key areas that stand to have a long-term impact on the modernization and transformation of their military, to include the development of national military doctrine, curriculum and faculty development for their Professional Military Education (PME) institutions, and interoperability through acquisition of equipment and TTP implementation.

CIVILIAN-TO-MILITARY (C2M) COOPERATION

¶34. (SBU) The CENTCOM C2M contact plan has also seen great growth over the past three years, primarily due to the interest of the Ministry of Emergency Situations (MES) in working with U.S. agencies. The C2M programs are mainly conducted by the U.S. Army Corps of Engineers, Arizona National Guard (AZNG), and local Arizona emergency response agencies via the National Guard Bureau (NGB) State Partnership Program. MES interest was highlighted by a visit to Arizona and Washington, D.C. by the MES Minister, Vladimir Bozhko, in July 2008 to discuss the C2M program and set the stage for future C2M cooperation. Minister Bozhko was engaged and extremely pleased with his visit, and clearly outlined the areas he would like assistance from Arizona and the Corps of Engineers. Unfortunately, the NGB State Partnership Program was only allocated \$2.2 million for C2M programs in FY 2009, to distribute among 48 states with programs in 63 countries. Arizona received a relatively sizable \$200,000 in available funds, but will only be able to execute three of the 11 planned events with MES in FY 2009. OMC has asked the AZNG for additional NGB funding for C2M programs.

ASTANA 00000022 010 OF 011

PROFESSIONAL MILITARY EDUCATION (PME) ASSESSMENTS

¶35. (C/NOFORN) In March 2007, the MOD asked for assistance in conducting a comprehensive series of assessments for PME institutions, including the National Defense University, the Ground Forces Institute, the Air Defense Forces Institute, and the Defense Institute of Foreign Languages. These assessments were completed as part of a series of visits by teams from Defense Language Institute, West Point, Air Force Academy, Army TRADOC (OBC/OAC), Air Force Staff College, Army War College, and the George C. Marshall Center, and were recently delivered to the Kazakhstani MOD. This is another means by which the MOD is attempting to modernize and transform its forces and will serve as the basis for many of our future cooperation activities.

KAZBRIG EVOLUTION

¶36. (C/NOFORN) Deputy Minister Sembinov and General-Major Maikeyev, Commander of the Airmobile Forces, have great hopes for the future of KAZBRIG - Kazakhstan's dedicated Peace Support Operations unit. Originally plans were to have most of KAZBRIG manned, equipped, and trained by the end of 2009. However, this has been delayed to 2010. One battalion is currently manned, with the remaining two battalions being manned in 2009 and 2010 respectively. Problems exist which need to be overcome in order to meet manning expectations, most of which is Kazakhstan's retention of a partially conscripted force. Additionally, KAZBRIG suffers a continuous retention problem, with losses caused by a large number of draftees leaving annually at the end of their service, as well as NCOs/officers who are disillusioned by the lack of a meaningful deployment and substandard pay and benefits. KAZBRIG officers tend to attribute recruitment and retention problems to this lack of deployment. Additionally, Minister of Defense Akhmetov directed his own evaluations of KAZBRIG. By all accounts, these "evaluations" had predetermined results that were not very positive. It was not, however, very clear whether Akhmetov was just looking for KAZBRIG to fail to prove that cooperation with the United States and NATO is a waste of time, or whether he was

stalling for time on a deployment announcement. Recently, we have received positive indications that the Minister has either begun to see the importance of cooperation with the United States and NATO or that he has received guidance to that effect from above. In May 2008, Akhmetov ordered a no-notice inspection of KAZBRIG that resulted in an influx of new personnel, although primarily conscripts, and equipment. He also made personal appeals for assistance to several Western partner nations for training KAZBRIG. Additionally, the NATO evaluation from this year's annual Steppe Eagle exercise (US/UK/KZ) indicated the one operational battalion of KAZBRIG is NATO interoperable with limitations.

¶37. (C/NOFORN) The Steppe Eagle exercise and NATO evaluation were critical to a potential deployment announcement for the KAZBRIG. A successful evaluation of the KAZBRIG is a necessary, but not sufficient, condition for a deployment announcement. Given that the only deployable unit of KAZBRIG is a single battalion, to sustain operations over the long-term the largest deployable unit is a company-size element inherent to the 3:1 deploy-reset-train force generation model. The past deployment of a platoon-size element in support of OIF did not meet the 3:1 ratio, however, future plans to deploy up to a company-size element match current capacity. Our general belief, following a deployment announcement, is that manning problems would evaporate, training focus and assistance would increase, and KAZBRIG would be ready to conduct basic peace support operations in a low to medium threat environment under the command of a lead nation.

NATO MAINTENANCE AND SUPPLY AGENCY (NAMSA) TRUST FUND

ASTANA 00000022 011 OF 011

¶38. (C/NOFORN) The NAMSA is the lead for a program to destroy MANPADS (Man-Portable Air Defense Systems) and excess Small Arms/Light Weapons in Kazakhstan. It is ready to propose setting a deadline for Kazakhstan to approve the Draft Implementing Agreement for the fully-funded, U.S.-led NATO/PfP Trust Fund on MANPADS. NAMSA would like the United States to threaten cancellation of the project if the agreement is not soon signed. The Embassy has demarched the Government of Kazakhstan on the issue and consulted with the NATO Special Representative to Central Asia, Mr. Bob Simmons, and the former resident NATO Liaison Officer to Central Asia, Tugay Tuncer. The Embassy continues to pursue this with the Government.

FINAL WORDS

¶39. (SBU) We are very much looking forward to your visit. This is an auspicious time to visit Kazakhstan, which very much values its strategic partnership with the United States. The entire Mission looks forward to facilitating a rewarding and productive visit with a valuable strategic partner who is vital to our national strategic interests. We remain ready to answer any of your questions. The primary point of contact during your visit will be Defense Attache Colonel Keith Harrington, Tel. 7 7172 702 393.
HOAGLAND